

1 Michael H. Steinberg (SBN 134179)  
 (steinbergm@sullcrom.com)  
 2 SULLIVAN & CROMWELL LLP  
 1888 Century Park East  
 3 Los Angeles, California 90067  
 Telephone: (310) 712-6600  
 4 Facsimile: (310) 712-8800

5 Brendan P. Cullen (SBN 194057)  
 (cullenb@sullcrom.com)  
 6 Scott C. Hall (SBN 232492)  
 (halls@sullcrom.com)  
 7 Sverker K. Höglberg (SBN 244640)  
 (hogbergs@sullcrom.com)  
 8 SULLIVAN & CROMWELL LLP  
 1870 Embarcadero Road  
 9 Palo Alto, California 94303  
 Telephone: (650) 461-5600  
 10 Facsimile: (650) 461-5700

11 Attorneys for Defendants VERIFONE HOLDINGS, INC.,  
 DOUGLAS G. BERGERON, JAMES C. CASTLE, LESLIE G.  
 12 DENEND, ALEX W. (PETE) HART, ROBERT B. HENSKE,  
 EITAN RAFF, CHARLES R. RINEHART, COLLIN E. ROCHE,  
 13 CRAIG A. BONDY, and BARRY ZWARENSTEIN

14  
**UNITED STATES DISTRICT COURT**  
 15  
**NORTHERN DISTRICT OF CALIFORNIA**  
 16

17 CHARLES R. KING, derivatively on behalf 18 of VERIFONE HOLDINGS, INC.,	) Case No. CV 07-6347 MHP
19 Plaintiff,	) <b>DEFENDANTS' STATEMENT IN</b>
20 v.	) <b>RESPONSE TO PLAINTIFFS' MOTIONS</b>
21 DOUGLAS G. BERGERON, JAMES C.	) <b>TO CONSOLIDATE CASES AND APPOINT</b>
CASTLE, LESLIE G. DENEND, ALEX W.	) <b>LEAD PLAINTIFF AND LEAD COUNSEL</b>
(PETE) HART, ROBERT B. HENSKE,	)
EITAN RAFF, CHARLES R. RINEHART,	)
COLLIN E. ROCHE, CRAIG A. BONDY,	)
and BARRY ZWARENSTEIN,	)
24 Defendants,	) This case is related to IN RE VERIFONE
25	) HOLDINGS, INC. SECURITIES
-and-	) LITIGATION, Master File No. C 07-6140
26 VERIFONE HOLDINGS, INC.,	) MHP, HILBORN v. BERGERON ET AL.,
27 Nominal Defendant.	) Case No. CV 08-1132 MHP, PATEL v.
28	) BERGERON ET AL., Case No. 08-1133
	) MHP, and LEMMOND ET AL. v.
	) BERGERON ET AL., Case No. CV 08-1301
	) MHP.

1	ARTHUR HILBORN, derivatively on behalf	)	Case No. CV 08-1132 MHP
2	of Nominal Defendant, VERIFONE	)	
2	HOLDINGS, INC.,	)	Judge: The Hon. Marilyn H. Patel
3	Plaintiff,	)	Courtroom: 15
4	v.	)	
5	Douglas G. Bergeron, JESSE ADAMS,	)	
6	ISAAC ANGEL, WILLIAM ATKINSON,	)	
7	CRAIG A. BONDY, JAMES C. CASTLE,	)	
8	LESLIE G. DENEND, ALEX W. HART,	)	
9	ROBERT B. HENSKE, CHARLES R.	)	
10	RINEHART, COLLIN E. ROCHE,	)	
11	ELMORE WALLER, and BARRY	)	
12	ZWARENSTEIN,	)	
13	Defendants,	)	
14	-and-	)	
15	VERIFONE HOLDINGS, INC.,	)	
16	Nominal Defendant.	)	
17	ARUNBHAI PATEL, derivatively on behalf	)	Case No. CV 08-1133 MHP
18	of Nominal Defendant, VERIFONE	)	
19	HOLDINGS, INC.,	)	Judge: The Hon. Marilyn H. Patel
20	Plaintiff,	)	Courtroom: 15
21	v.	)	
22	Douglas G. Bergeron, JESSE ADAMS,	)	
23	ISAAC ANGEL, WILLIAM ATKINSON,	)	
24	CRAIG A. BONDY, JAMES C. CASTLE,	)	
25	LESLIE G. DENEND, ALEX W. HART,	)	
26	ROBERT B. HENSKE, CHARLES R.	)	
27	RINEHART, COLLIN E. ROCHE,	)	
28	ELMORE WALLER, and BARRY	)	
	ZWARENSTEIN,	)	
29	Defendants,	)	
30	-and-	)	
31	VERIFONE HOLDINGS, INC.,	)	
32	Nominal Defendant.	)	
33	MARY LEMMOND and WANDELL	)	Case No. CV 08-1301 MHP
34	EVERETT, derivatively on behalf of	)	
35	VeriFone Holdings, Inc.,	)	Judge: The Hon. Marilyn H. Patel
36		)	Courtroom: 15

1 Plaintiffs,  
2 v.  
3 DOUGLAS G. BERGERON, BARRY  
4 ZWAREENSTEIN, JESSE ADAMS, ISAAC  
5 ANGEL, ELMORE WALLER, COLLIN E.  
6 ROCHE, JAMES C. CASTLE, LESLIE G.  
7 DENEND, ALEX W. HART, ROBERT B.  
8 HENSKE, CHARLES R. RINEHART,  
9 EITAN RAFF, WILLIAM G. ATKINSON,  
10 CRAIG A. BONDY, GTCR GOLDER  
11 RAUNER, LLC, and DOES 1-25, inclusive,  
12 Defendants,  
13 -and-  
14 VERIFONE HOLDINGS, INC., a Delaware  
15 Corporation,  
16 Nominal Defendant.

1 Defendants file this brief Statement in response to the motions filed by Plaintiffs King,  
 2 Patel and Lemmond *et al.* to consolidate the four related shareholder derivative actions and appoint a  
 3 lead plaintiff and lead counsel. Defendants file this statement to support the consolidation and to concur  
 4 in the briefing schedule set out in Plaintiffs Lemmond and Everett's [Proposed] Order Granting  
 5 Plaintiffs Lemmond and Everett's Cross-Motion to Consolidate Cases and Appoint Lead Counsel and  
 6 Denying Motions of Plaintiffs King and Patel (Case No. CV 07-6347 MHP, Docket No. 23).

7 The arguments set forth in the various motions for the consolidation of these four cases  
 8 into a single putative derivative case related to the December 3, 2007 restatement announcement by  
 9 VeriFone Holdings, Inc. ("VeriFone") are essentially inarguable. The efficiencies of having the four  
 10 cases consolidated into one are manifest and the potential for inefficiency and inconsistency if four  
 11 different plaintiffs are allowed separately to prosecute claims purportedly in the name of VeriFone is  
 12 substantial. Accordingly, Defendants agree that these cases ought to be consolidated.

13 Defendants also believe that, of the competing briefing schedules proposed by the various  
 14 Plaintiffs, the one proposed by Plaintiffs Lemmond and Everett is far and away the preferable one. That  
 15 schedule would, among other things, make Defendants' answer or other response to an amended  
 16 complaint in the consolidated derivative actions due within thirty (30) days of the entry of a ruling and  
 17 order by this Court concerning Defendants' motion to dismiss the consolidated amended complaint  
 18 expected to be filed in the related consolidated securities class action cases, *In re VeriFone Holdings,*  
 19 *Inc. Securities Litigation*, Master File No. C 07-6140. Defendants believe that this schedule —  
 20 consistent with the purposes of the Private Securities Litigation Reform Act (PSLRA) and the Securities  
 21 Litigation Uniform Standards Act (SLUSA) — appropriately sets the timing of the derivative actions to  
 22 correspond with the federal securities class actions and avoids further unnecessary litigation until the  
 23 consolidated amended complaint survives the threshold challenge of Defendants' motion to dismiss.

24 Defendants' agreement that litigation in these matters should be coordinated with the  
 25 securities fraud cases ought not to be construed as indicating any lack of confidence by Defendants with  
 26 respect to the issues that will be litigated in the derivative cases at the appropriate time. Indeed, at the  
 27 appropriate time, Defendants will have much to say about the failings of the complaints filed in these  
 28 four actions. In particular, each of the complaints alleges (1) that the asserted claims are appropriately

1 brought as derivative claims on behalf of VeriFone, and (2) that Plaintiffs' failure to make a demand on  
 2 VeriFone's Board of Directors is excused on the basis of futility because, among other reasons, the  
 3 complaints allege claims for breaches of fiduciary duty against VeriFone's directors, VeriFone's  
 4 directors received compensation for serving on VeriFone's Board, and a minority of VeriFone's  
 5 directors and a minority of the Audit Committee members sold portions of their VeriFone shares during  
 6 the alleged relevant periods. (See *King* Compl. 32-41, Case No. CV 07-6347 MHP, Docket No. 1;  
 7 *Hilborn* Compl. 19-20, Case No. CV 08-1132 MHP, Docket No. 1; *Patel* Compl. 19-20, Case No. CV  
 8 08-1133 MHP, Docket No. 1; *Lemmond et al.* Compl. 39-46, Case No. CV 08-1301 MHP, Docket No.  
 9 1.) Plaintiffs' demand-futility allegations, in particular, cannot withstand scrutiny — because demand  
 10 was neither made nor excused, the cases should simply be dismissed. But rather than raise them now in  
 11 response to several complaints, Defendants will assert these challenges in a motion directed against a  
 12 consolidated complaint. Defendants also presently express no opinion as to the assertions in Plaintiffs  
 13 King's, Patel's and Lemmond *et al.*'s motions as to their suitability as derivative plaintiffs, but will do  
 14 so at the appropriate time once a consolidated complaint has been filed.

15 Date: April 14, 2008

16 /s/ Brendan P. Cullen

17 Brendan P. Cullen (SBN 194057)  
 18 Scott C. Hall (SBN 232492)  
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